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A Real Sweet Tooth

1. Today's Trading Playbook

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KEY THEMES

As EGX-listed companies continue to publish their Q2 earnings reports, investors will be on the lookout for signs of recovery post-COVID-19. One of the companies that have just reported strong annual growth (i.e. post vs. pre-COVID-19) is Edita Food Industries [**EFID**] which has seen earnings more than doubled in H1 2021, thanks to revenue growth across almost all segments which was mostly driven by volume and in part by price. Both bakery and cakes segments took the lead in delivering such strong results. This implies that TTM P/E is now 12.3x after incorporating Q2 2021 results. EFID has not yet re-rated since we highlighted that it is undervalued [back on 22 June 2021](#).

POSITIVE

EFID: We believe the stock should react positively to the strong earnings report with the stock offering an upside in excess of 50%.

Now, on to the top news and analysis for the day.

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egypt's PMI fell from 49.9 in June to 49.1 in July as new orders index fell back into negative territory. We will publish our report soon. ([Markit](#))

The final touch to establish the platform to facilitate the trading of government bond and boost passive inflows into local debt market is getting momentum as the EGX will roll out a new index for publicly-traded government Treasuries that will be up and running later today. Four more sub-indices tracking sovereign debt instruments with varying tenors are expected to follow suit. ([EGX](#))

Passenger car sales rose 70% y/y in June 2021, with more than 19,000 vehicles sold during the month, up from 11,200 in the same period last year. ([Enterprise](#))



The Central Bank of Egypt (CBE) confirmed that the circulating design of the new “polymer” coins, denominations of EGP10 and EGP20, have not been finally approved and are still in the process of development and modification. ([Hapi](#))

CORPORATE NEWS

Edita Food Industries’ [EFID] net income jumped in H1 2021 to EGP198mn (+108% y/y). A revenue increase to EGP2.3bn (+34% y/y) outweighed a decrease in GPM to 32% (from 34% same period last year). Also, financing expenses fell to EGP4mn from EGP16mn. ([Company disclosure](#))

Fitch Ratings revised CIB’s [COMI] outlook to Stable from Negative while affirmed the bank’s Long-Term Issuer Default Rating (IDR) at 'B+' and Viability Rating (VR) at 'b+'. ([Fitch](#))

Eastern Company’s [EAST] BoD approved the retirement of 20mn treasury shares at par value of EGP1 each, decreasing the capital by EGP20mn to EGP2.23bn. ([Company disclosure](#))

GLOBAL NEWS

U.S. manufacturing activity grew at a slower pace in July for the second straight month as raw material shortages persisted, though there are signs of some easing in supply-chain bottlenecks. ([Reuters](#))

Saudi Aramco and other Gulf oil producers are following in the footsteps of Abu Dhabi with plans to raise tens of billions of USD through sales of stakes in energy assets, capitalising on a rebound in crude prices to attract foreign investors. ([Reuters](#))

Factories across the world are suffering from supply bottlenecks which sent prices skyrocketing in July, while a new wave of coronavirus infections in Asia demonstrated the fragile nature of the global recovery. ([Reuters](#))

CORRECTION

In the *Trading Playbook* section of [PRIMETime newsletter published yesterday](#), National Bank of Kuwait – Egypt’s [NBKE] trading value since the beginning of 2021 was incorrectly mentioned as EGP4.6mn when it should be EGP24mn. The figure has since been updated in the report.

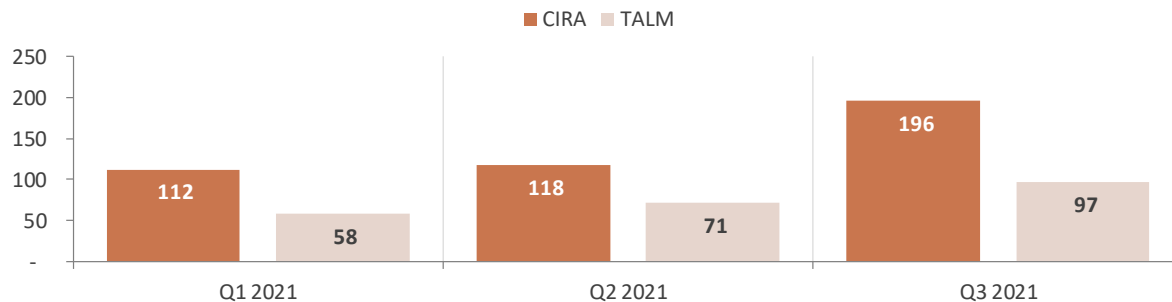
3. CHART OF THE DAY

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CIRA's and TALM's net income in 9M 2020/2021 academic year (EGPmn)



Source: Companies' disclosures.

Despite the continuing challenges of COVID-19, the education sector in Egypt has been one of the few sectors that has succeeded in maintaining its resilience. Both Cairo for Investment & Real Estate Development [**CIRA**] and Taaleem Management Services [**TALM**] succeeded to record an earnings growth during Q2 and Q3 2020/21, driven mainly by higher revenues. In Q2 2020/21 TALM's earnings growth outpaced that of CIRA's, registering +23% q/q (vs. +5% q/q for CIRA), while in Q3 2020/21 CIRA beat TALM by recording +66% q/q growth in its bottom line vs. TALM's +38% q/q growth.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						Equity turnover (EGPmn): Last, ytd avg.					
711.0						2,381.1 1,178.6					
				daily chg.	ytd chg.					daily chg.	ytd chg.
		EGX 30	10,821.88	0.11%	(0.22%)			Gold	1,813.47	(0.04%)	(4.62%)
		EGX 30 TR	4,191.48	(0.61%)	0.47%			Silver	25.41	(0.32%)	(4.12%)
		EGX 70 EWI	2,813.76	0.15%	31.17%			Brent Oil	72.89	(0.05%)	40.64%
		EGX 100 EWI	3,803.38	0.26%	22.78%			WTI	71.26	(0.04%)	46.81%
		DFMGI	2,790.30	0.31%	11.97%			Natural Gas	3.94	1.25%	56.91%
		ADSMI	7,404.33	0.15%	46.76%	EGP		USD/EGP	15.69	(0.08%)	(0.30%)
		TASI	11,157.02	0.81%	28.40%	€		EUR/USD	1.19	0.08%	(2.76%)
		QE Index	10,816.60	0.75%	3.65%	£		GBP/USD	1.39	0.11%	1.67%
		S&P 500	4,387.16	(0.18%)	16.80%	¥		USD/JPY	109.31	(0.15%)	5.71%
		Dow 30	34,838.16	(0.28%)	13.83%			6M TB yield	13.15	(8)	42
		NASDAQ	14,681.07	0.06%	13.91%			1Y TB yield	13.25	(6)	48
		VIX	19.46	6.69%	(14.46%)			10Y TB yield	14.82	(0)	43
		STOXX 50	4,116.62	0.67%	15.87%			2Y TB yield	0.17	(2)	4
EM		MSCI Emerging	1,293.11	1.20%	0.14%			10Y TB yield	1.18	(5)	25
FM		MSCI Frontier	643.99	0.30%	12.66%			30Y TB yield	1.85	(4)	19

* As of market close, except for commodities and currencies at 8.15am CLT. Change in Treasuries is in basis points.

Source: Bloomberg, CBE.

5. LATEST EGX VALUATION MULTIPLES

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[Find out](#) how your favorite stocks compare to the rest of the market.

6. KEY DATES

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DATE	TICKER	TYPE	EVENT
5-Aug-21		MPC Meeting	Determining the CBE's policy rate.
5-Aug-21	DAPH	EGM	Increasing the capital from EGP249.48mn to EGP299.37mn and amending articles 4, 6 & 7 of the bylaws.
8-Aug-21	SKPC	EGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
10-Aug-21	ETEL	Conference Call	Discussing Q2 2021 earnings.
10-Aug-21	OFH	OGM	Discussing the company's establishment expenses and other agenda items.
10-Aug-21	ORAS	Cash dividend	Date for paying out a dividend of USD0.2313/share.
10-Aug-21	RTVC	EGM	Discussing an offer for subsidiary Ambian for Tourism Investment.
10-Aug-21	HELI		Deadline for turning in the conditions brochure for Heliopark.
10-Aug-21	NBKE	BoD meeting	Discussing delisting.
14-Aug-21	HELI	OGM	Approving the estimated budget of FY 2021/22.
14-Aug-21	HELI	EGM	Amending articles of the bylaws.
15-Aug-21	COMI	Stock dividend	The deadline for eligibility for a 0.33-for-1 stock dividend.
16-Aug-21	COMI	Stock dividend	Date for distributing a 0.33-for-1 stock dividend.
18-Aug-21	MOIN	OGM	Authorizing the board of directors to appoint a new member.
18-Aug-21	MOIN	EGM	Amending article 21 of the bylaws.
21-Aug-21	ELNA	OGM	Approving the financial statements and other agenda items.
22-Aug-21	PRCL	OGM	Reshuffling the board and discussing other agenda items.
22-Aug-21	PRCL	EGM	Amending the articles of association.
24-Aug-21	GOCO	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
25-Aug-21	NCCW	EGM	Approving increasing issued capital and amending articles 6 & 7 of the bylaws.
26-Aug-21	ELWA	OGM	Approving the financial statements ending 31 Dec. 2020 and the proposed dividend.
30-Aug-21	EGTS	OGM	Approving the financial statements and other agenda items.
31-Aug-21	MBSC	Cash dividend	The deadline for eligibility for a dividend of EGP1.5/share.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
26-Jul-21	<u>EFG Hermes Holding [HRHO] – FV and 12MPT Adjustment to Bonus Share Action</u>
13-Jul-21	<u>Commercial International Bank [COMI] – Tamed Credit Provisions Spur Annual Growth</u>
8-Jul-21	<u>MACROView – Inflation Edged Up, As Expected</u>
8-Jul-21	<u>MACROView – External Buffers Still Powering Ahead</u>
6-Jul-21	<u>MACROView – A Steady and Slow Recovery in the Making</u>
5-July-21	<u>Abu Qir Fertilizers [ABUK] – Talking U</u>
16-June-21	<u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u>
14-June-21	<u>Al-Shams Housing & Development [ELSH] – Earnings Flattened by Factoring Cost</u>
10-June-21	<u>MACROView – Inflation Risk Rising, but Still Within Target</u>



8-June-21	<u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u>
6-June-21	<u>MACROView – Further Enhancement</u>
3-June-21	<u>MACROView – Contraction Eased</u>
23-May-21	<u>Orascom Construction [ORAS] – Earnings Short of Our Estimates</u>
23-May-21	<u>CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense</u>
22-May-21	<u>Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions</u>
20-May-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth</u>
20-May-21	<u>EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track</u>
18-May-21	<u>B Investments Holding [BINV] – Exits Kick Off, Unlocking Value</u>
18-May-21	<u>Elsewedy Electric [SWDY] – Financials promise a buoyant year ahead</u>
17-May-21	<u>Misr Chemical Industries [MICH] – Another Chapter of Strong Annual Growth</u>
11-May-21	<u>MACROView – Inflation Eased but Stage Still Set for a Pick-Up</u>
9-May-21	<u>MACROView – Stability Prevailed</u>
6-May-21	<u>MACROView – The Road to Recovery Gets Longer</u>
18-Apr-21	<u>MACROView – Challenges Remain Daunting</u>
13-Apr-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</u>
12-Apr-21	<u>Orascom Construction [ORAS] – Rich in Value</u>
11-Apr-21	<u>MACROView – Monthly Reading Pressured By Seasonality</u>
6-Apr-21	<u>MACROView – FX Assets Well Placed to Mitigate Potential Risks</u>
6-Apr-21	<u>MACROView – Still Downbeat</u>
28-Mar-21	<u>Taaleem Management Services [TALM] – Enriching the Education Sector</u>
18-Mar-21	<u>EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues</u>
10-Mar-21	<u>MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon</u>
8-Mar-21	<u>MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions</u>
7-Mar-21	<u>Al-Shams Housing & Development [ELSH] – Making Hay While the Sun Shines</u>
3-Mar-21	<u>MACROView – Weak Demand Still Weighing on the Rebound Trajectory</u>
2-Mar-21	<u>MACROView – Commodity Supercycle: Real or Hype?</u>
1-Mar-21	<u>Commercial International Bank [COMI] – Earnings Beat Despite Higher Provisions</u>
25-Feb-21	<u>Elsewedy Electric [SWDY] – Strong Set of Results Driven by Turnkey</u>
22-Feb-21	<u>CI Capital Holding [CICH] – Got the Hit, Yet Better Than Expected</u>
10-Feb-21	<u>MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices</u>
8-Feb-21	<u>Misr Chemical Industries [MICH]– Annually Wild, Quarterly Tamed</u>



4-Feb-21	<u>MACROView – External Buffers Are Still Restoring Grounds</u>
3-Feb-21	<u>MACROView – A Fragile Improvement but Favorable Sentiment</u>
3-Feb-21	<u>MACROView – External Woes vs. Cautious Optimism</u>
1-Feb-21	<u>STANDPoint – Egypt 2021 Investing Playbook</u>
14-Jan-21	<u>CI Capital Holding [CICH] – New Expansions = Further Growth</u>
10-Jan-21	<u>MACROView – Below End-of-Year Target</u>
6-Jan-21	<u>MACROView – On the Path to Further Recovery</u>
5-Jan-21	<u>MACROView – Rutted Road to Recovery</u>
28-Dec-20	<u>Elsewedy Electric [SWDY] – More Growth to Come</u>
22-Dec-20	<u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u>
16-Dec-20	<u>CIB [COMI] – Earnings beat despite higher provisions</u>
10-Dec-20	<u>MACROView – The Highest Reading in Seven Months</u>
7-Dec-20	<u>MACROView – Restored Ground</u>
6-Dec-20	<u>MACROView – Lost Momentum</u>
3-Dec-20	<u>MACROView – Not as Severe as Expected but All Eyes on the Scars</u>
25-Nov-20	<u>Misr Chemical Industries [MICH] – Pandemic Proof</u>
10-Nov-20	<u>MACROView – An expected rise as the new school year began</u>
4-Nov-20	<u>MACROView – The Stars Seem to Be Aligned for International Reserves</u>
3-Nov-20	<u>MACROView – The Highest Reading in Six Years</u>
25-Oct-20	<u>CIB [COMI] – Short-term pain for longer-term gain</u>
11-Oct-20	<u>MACROView – Disinflationary trend interrupted</u>
11-Oct-20	<u>MACROView – External strains are slacking and reserves are growing</u>
6-Oct-20	<u>CIB [COMI] – A Good Bet for the “Risk On” Mode</u>
5-Oct-20	<u>MACROView – Egypt’s recovery is broadening</u>
10-Sep-20	<u>MACROView – A Stunning Chapter Towards Targets</u>
8-Sep-20	<u>MACROView – Crawling Out of the Troughs</u>
3-Sep-20	<u>MACROView – Job losses and the bumpy road to recovery</u>
18-Aug-20	<u>Oriental Weavers Carpet [ORWE] – Q2 2020 Results</u>
13-Aug-20	<u>Credit Agricole Egypt [CIEB] – Q2 2020 Results</u>
10-Aug-20	<u>MACROView – Muted inflation environment still dominates</u>
9-Aug-20	<u>MACROView – Recovery of FX revenues is a long-term goal, but the economy is still well armed</u>
5-Aug-20	<u>MACROView – Toward gradual recovery</u>

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